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INTELLIGENCE REPORT

COUNTRY Spain

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SUBJECT Official Concessions to the Catalan Textile Industry

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SUPPLEMENT

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The following information is based on statements made during the last week in August 1947 by [redacted] who, 25X1X6 according to source, shares the opinion of the majority of financiers and industrialists in Spain.

1. The true motive behind Franco's recent visit to Catalonia was negotiation with Catalan textile industrialists which resulted in Franco's agreement to authorize these industrialists to effect a 35% increase in the tariffs in force at that time and a 50% reduction in the prices offered for Spanish wool. This measure which, in part affects the livestock industry, appears to have provoked a real disturbance to the extent that the consortium of livestock breeders agreed to burn the wool rather than sell it in accordance with the above-mentioned reduction.
2. There are two reasons for the resultant unfavorable comments on the concessions. First, the putting into effect of the accords adopted by Franco and the Catalan textile industry assumes an increase of 35% in the cost of living. Secondly, these concessions of Franco in exclusive benefit of Catalan industry seem incomprehensible to other Spanish industrialists and are beginning to show their effect throughout Spain.
3. It is believed, in financial circles, that Franco must have found it necessary to grant these concessions in order to forestall a real danger to the regime which was expected to emanate from Catalonia, although there is no indication of the nature of the danger. However, Spanish financiers and industrialists are considering the possibility that the solidarity which existed between employers and workers in the Bilbao strike of 1 May 1947 took root in Catalonia and that Catalan capital in agreement with the workers had completed the details for a general strike in order to force Franco to grant the above-mentioned concessions in favor of Catalonia.

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